

U.S. Consumer Spending Weakest Since 2009

Consumer Spending by Annual Household Income, January 2014 to January 2015



GALLUP

Washington, February 3 (RHC)-- The latest official figures show the US consumer spending in December hit the lowest level since 2009. Figures released by the Commerce Department consumer spending, which accounts for more than two-thirds of U.S. economic activity, fell 0.3 percent after a 0.5 percent gain in November, Reuters reported.

It was the largest drop since September 2009 and reflected big declines in spending on both durable and nondurable goods, the report added. Economists believe that the drop in consumer spending shows that households are saving the extra cash from cheaper gasoline, adding that this could support future consumption.

They say households have so far used much of the extra income from cheap gasoline to pay down debt and boost savings, Reuters report added. Gasoline prices have plunged 43 percent since June, according to U.S. government data.

Other data show factory activity slowed in January, suggesting economic growth continued to cool early in the first quarter. The Institute for Supply Management said in an announcement that its national factory activity index fell to 53.5 last month from 55.1 in December. A reading above 50 indicates expansion in the manufacturing sector.



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